

# CLPA

Crown Lands and Property Agency

*An Agency of the Manitoba Government  
Department of Infrastructure and Transportation*

**2008/2009 Annual Report**





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## Letter from the Minister



### MINISTER OF INFRASTRUCTURE AND TRANSPORTATION

Ronnie Lee  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

August 6, 2009

The Honourable Philip Lee  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg, MB R3C 0V8

May It Please Your Honour

I have the privilege and pleasure to present the Annual Report of Crown Lands and Property Agency (CLPA) for the year ended March 31, 2009.

This is CLPA's third year of operation as an entity created through the amalgamation of Land Acquisition Branch (formerly Land Management Services Agency) and the real estate transactional segments formerly part of MB Conservation - Lands Branch and Parks and Natural Areas, and MB Agriculture, Food and Rural Initiatives - Agricultural Crown Lands in Portage la Prairie.

This is the Agency's first year of operation in one central location. CLPA is making positive progress in providing improvements to its operations, services and financial performance in the 2008/09 fiscal year.

The Agency is continuing its evolution focused on reorganization that will capitalize on synergies from combining similar operations and identifying areas to improve efficiencies by streamlining processes. I commend the staff at CLPA for their dedication to transform challenges into opportunities.

I am encouraged by the commitment of its employees on their continued growth and improvements as they strive to fulfill CLPA's mission.

Respectfully submitted,

Ron Lemieux  
Minister Responsible for  
Crown Lands and Property Agency



## ***Letter from the Associate Deputy Minister***

### **Manitoba**

Infrastructure and Transportation  
Associate Deputy Minister's office  
300 - 215 Garry  
Winnipeg MB R3C 3P3  
T 204-945-3887 F 204-945-1857

June 26, 2009

Honourable Ron Lemieux  
Minister  
Infrastructure and Transportation  
Room 203, Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister Lemieux:

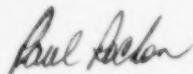
I am very pleased to submit for your review and consideration the Annual Report of Crown Lands and Property Agency (CLPA) for the year ended March 31, 2009.

2008/09 was a year of evolution for CLPA. In conjunction with the delivery of the standard services to our clients, many changes to the internal operations of CLPA were being implemented. The amalgamation of the offices in one location required renovations and the hiring and training of many staff, both new to CLPA or to the positions. Highlights of activities undertaken this year included streamlining the circulation process and the development of a new billing structure for 2009/10 incorporating a flat fee for a vast majority of services provided.

The third year of CLPA's operations required commitment by its employees and the support of its stakeholders to achieve the continued performance in the effective delivery of program services. At the same time as the ongoing conversion of the Agency to evolve into a single entity versus a merging of Land Acquisition Branch (formerly Land Management Services), and segments of MB Conservation - Lands Branch and Parks and Natural Areas, and the MB Agriculture, Food and Rural Initiatives - Agricultural Crown Lands.

Once again, on behalf of departmental management, I would like to thank CLPA's management and staff for their continued commitment and dedication during the ongoing integration of all business units in Portage la Prairie.

Respectfully submitted,



Paul Rochon  
Associate Deputy Minister  
Infrastructure and Transportation

**Manitoba**  
spirited energy



## Chief Operating Officer's Message

To the Stakeholders of Crown Lands and Property Agency (CLPA):

I am pleased to present the third Annual Report of Crown Lands and Property Agency, covering the fiscal year ended March 31, 2009. In reviewing the Agency's activities and results over the past year, the following highlights are noteworthy:

- Financial results were \$226,000 better than budget, with revenue shortfalls more than offset by expenditure reductions.
- A new output-based unit cost recovery rate structure for Crown land administration services was developed and a four-year plan for achieving full cost recovery was approved in the 2009/10 Estimates process.
- Over 15,000 lease and permit transactions were processed and more than \$12.0 million in revenues were collected for client departments.
- 66 land acquisitions were completed, comprising 202 acres with an aggregate value of \$1.1 million.
- 141 appraisals were completed and a backlog of 155 outstanding opinions of value for prospective Crown land sales was cleared.
- The circulation process for dispositions under *The Crown Lands Act* was improved by incorporating clearly defined timeframes for responses from participating agencies, and implementing circulation to First Nations communities for the first time.
- The Agency's vacancy rate was reduced from 23% to 11% and the rebuilding of its appraisal staff complement was initiated with several key hires.
- The restructuring of the Agency into functional units was completed and several key management appointments were confirmed.
- Planning was completed and construction commenced on the renovation of the Agency's temporary accommodations in Portage la Prairie.

These results could not have been achieved without the guidance of our Advisory Board, the hard work of our dedicated staff and the continued support of our valued clients.

Respectfully submitted,

Michał Kubasiewicz, BES, MBA, MCIP  
Chief Operating Officer  
Crown Lands and Property Agency

## ***Profile of Crown Lands and Property Agency***

### **Background**

The Crown Lands and Property Agency (CLPA) was established as a Special Operating Agency (SOA) of the Manitoba Government in response to various internal and external reviews of the management of Crown lands. Alternative methods of providing quality, cost-effective services to the public, government departments and agencies were evaluated, resulting in a recommendation to establish a Crown Lands and Property SOA.

### **Origin**

On September 7, 2004, Treasury Board approved in principle the creation of a new SOA through the dissolution of the Land Management Services SOA, using its structure and framework and incorporating the Lands Branch and Park District Records functions from the Manitoba Department of Conservation and the Agricultural Crown Lands Management function from the Manitoba Department of Agriculture, Food and Rural Initiatives (MAFRI).

### **Agency Status**

Effective April 1, 2006, CLPA was established by regulation under the Special Operating Agencies Financing Authority (SOAFA) as a Special Operating Agency. CLPA is part of the Supply and Services Division of the Manitoba Department of Infrastructure and Transportation (MIT).

CLPA operates outside the Consolidated Fund and is sustained by recovering costs from its clients (government agencies). CLPA administers Crown lands according to the policies and direction of client departments and the Lands Committee of Deputy Ministers.

### **Statutory Base**

The Crown Lands and Property Agency (CLPA) has full authority for all Crown land sales, leasing, and permitting, as well as land appraisal, acquisition, expropriation and other related real estate services to government.

The Agency administers Crown lands according to five main Acts:

- *The Crown Lands Act*, (involving agricultural and non-agricultural Crown land), *The Crown Lands Act, C.C.S.M. c.C340*, *Land Administration Fees Regulation 216/89*, *Crown Lands Fees Regulation 130/91*, *Agricultural*



Crown Lands Leases Regulation 168/2001, Agricultural Crown Lands Grazing and Hay Permits Regulation 288/88;

- *The Provincial Parks Act*, C.C.S.M. c.P20, Chief Place of Residence Levy Regulation 178/97, Debt Certificate Regulation 140/96, Permits and Leases Regulation 150/96, Park Fees Regulation 148/96;
- *The Wild Rice Act*, C.C.S.M. c.W140, Wild Rice Regulation 38/88R;
- *The Land Acquisition Act*, C.C.S.M. c.40; and
- *The Expropriation Act*, C.C.S.M. E190 including related regulations Regulation 318/87 R, 295/87;

### Mission Statement

The mission of the Crown Lands and Property Agency (CLPA) is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

### Mandate

CLPA provides centralized Crown land information and services to the public and government.

### Vision

The Crown Lands and Property Agency's vision is to be a leader in Crown lands information and services that are highly valued for being open, fair, transparent and customer-centered.

### Values and Guiding Principles

Values	Guiding Principles
Serving the Public Interest	Crown land services, processes, and controls that are open, fair, transparent and accountable
Serving Our Customers	Customer services that are courteous, equitable, accessible, efficient and effective
Being Accountable	<p>Business operations that:</p> <ul style="list-style-type: none"><li>• Operate on a break even basis; provide opportunities for revenue sharing with the Province; and provide value-for-money for client departments</li><li>• Are socially, environmentally, and fiscally responsible</li><li>• Reflect our public interest and customer service values</li><li>• Meet the standards of an employer of choice</li></ul>

## Scope of Service

The Crown Lands and Property Agency (CLPA) provides a single point of service to the public for all transactions involving provincial Crown land in Manitoba, and serves as an in-house real estate services provider for all departments of the Manitoba government. The services provided by CLPA include:

- reviewing applications to purchase or lease Crown land;
- processing renewals and assignments of existing leases and permits;
- acquiring land for public purposes through negotiation or expropriation;
- selling or leasing surplus land and buildings; and
- providing real estate appraisal and consulting services for public agencies.

CLPA consists of the following six operational units:

- Crown Land Leases and Permits
- Land Acquisition Services
- Property Sales
- Appraisal and Consulting Services
- Finance
- Paralegal and Support Services

## Accountability Structure

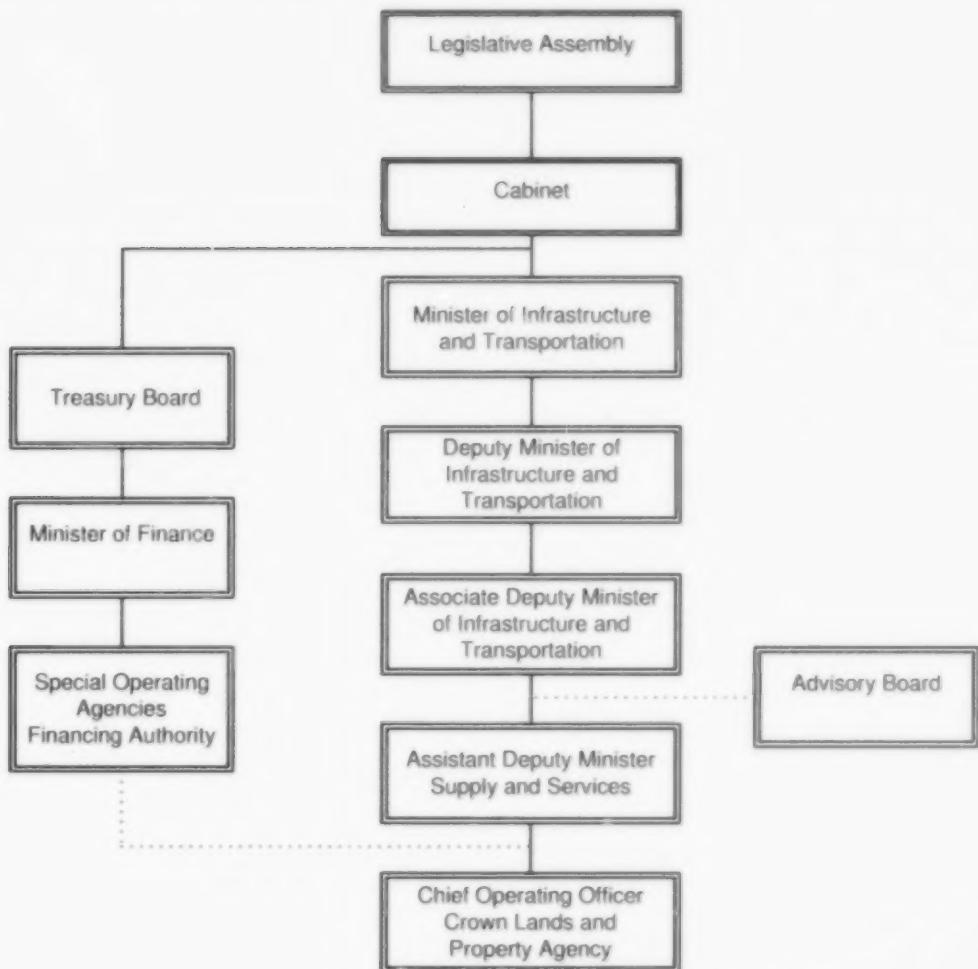
CLPA is a Special Operating Agency within the Department of Infrastructure and Transportation and is accountable to the Associate Deputy Minister for operational and financial performance through the Assistant Deputy Minister of Supply and Services.

CLPA operates outside the Consolidated Fund, under *The Special Operating Agency Financing Authority Act*. The Special Operating Agency Financing Authority (SOAFA) holds title to assets used by CLPA, provides financing for operations and is responsible for CLPA's liabilities.



CLPA is governed by its Operating Charter, Transfer Agreement, and Management Agreement, as well as policies under the General Manual of Administration, unless exempted under the Charter.

The Accountability Structure Chart presented below outlines the current structure:



## Advisory Board

The Board reviews the statutory reporting presented by the Agency and offers advice and direction in areas of strategic planning and operations, structure, business priorities, finances and issues of concern. The composition of the Board may change over time as circumstances warrant. Other external resources or Agency staff may be invited to attend meetings at the request of the Chair.

The Advisory Board currently consists of:

### Members of the Advisory Board for Crown Lands and Property Agency

#### CHAIR

*Paul Rochon*  
Associate Deputy Minister  
Manitoba Infrastructure and  
Transportation

#### MEMBERS

##### *Client Representatives*

*Dori Gingera-Beauchemin*  
Assistant Deputy Minister  
Manitoba Agriculture, Food and  
Rural Initiatives

*Lynn Zapshalla-Kelln*  
Assistant Deputy Minister  
Manitoba Conservation and  
Water Stewardship

##### *Ex Officio*

*Tracey Danowski*  
Assistant Deputy Minister  
Supply and Services

*Michal Kubasiewicz*  
Chief Operating Officer  
Crown Lands and Property Agency

##### *Staff Representative*

*Loretta Hopkins*  
A/P & Cash Management Clerk  
Crown Lands and Property Agency



## Operational Highlights - 2008/09

### 2008-09 Activity Levels by Line of Service

Transaction volumes for 2008/09 are summarized in the tables and charts below.

Land Acquisition Services	
	Actual April 1, 2008 to March 31, 2009
Projects Completed	99
Borrow Agr.	1
Agreements	66
Appraisals	141
Acres Acquired	201.53
LVAC Certification	\$1,147,081.30

Paralegal Services	
	Actual April 1, 2008 to March 31, 2009
Expropriations	1
Current Files:	
Processing	60
Finalizing	10
Backlog Files	2
Other Files	6
Plan Certificates	10
Right-of-Way Plans	0

Note: LVAC denotes Land Value Appraisal Commission

Summary of Sales, Leases and Permits			
Branch or Program (Client Dept.)	Transactions #	Revenue \$000s	Notes
Lands Branch (Conservation)	5,834	6,016.8	Recorded centrally in Consolidated Fund as revenue
Parks Program (Conservation)	6,568	4,614.0	... under Conservation
Subtotal	12,402	\$10,630.8	
Agricultural Crown Lands	2,730	1,311.5	... under Agriculture
Subtotal	15,132	\$11,942.3	
Land Acquisition Branch – Sales & Leases	38	112.1	... under various depts.
<b>TOTAL</b>	<b>15,170</b>	<b>\$12,054.4</b>	

Note: The total of \$12.1 million in revenue collected by the Agency for client departments, and does not represent the Agency's own revenue.

*For the Period covering April 1, 2008 to March 31, 2009*

<b>Sales, Leases and Permits - Detailed Breakdown</b>		<b>#</b>	<b>\$000's</b>
<b>Lands Branch</b>			
Vacation Home Permits and Leases		492	\$ 4,153.4
General Permits, Miscellaneous, Licenses of Occupation		3,476	475.0
Administration, Easements & Miscellaneous Receipts		1,507	441.4
Wild Rice Licenses		301	11.7
*Land Sales (Non-Cottaging)		19	251.8
Land Sales (Cottage Program)		39	683.5
<b>Subtotal</b>		<b>5,834</b>	<b>\$ 6,016.8</b>
<b>Parks Program</b>			
Vacation Home Leases & Permits		5,803	\$ 4,145.0
Commercial Leases & Permits		135	321.1
Private Land Service Fees		415	105.3
General Permits		157	57.4
Non-profit Permits & Leases		50	15.8
Lot Development Fees (Cottage)		8	(30.6)**
<b>Subtotal</b>		<b>6,568</b>	<b>\$ 4,614.0</b>
<b>Agricultural Crown Lands</b>			
Forage Leases		2,286	\$ 1,100.1
Cropping Leases		82	159.8
Renewable Grazing Permits		49	7.7
Renewable Hay Permits		313	43.9
<b>Subtotal</b>		<b>2,730</b>	<b>\$ 1,311.5</b>
<b>Land Acquisition Services</b>			
Sales		5	\$ 86.0
Leases		33	26.1
<b>Subtotal</b>		<b>38</b>	<b>\$ 112.1</b>
<b>TOTAL</b>		<b>15,170</b>	<b>\$12,054.4</b>

Note: The revenue shown above is revenue collected by the Agency for client departments, and does not represent the Agency's own revenue.

\*Total land sales (non-cottage), includes the transfer of 25 parcels held in trust for the Rural Municipalities (vested land) with no land revenue received by Manitoba.

\*\* The cottage lot development fee's negative balance is a result of a greater amount of refunds issued over revenue amounts collected.



## Major Projects Completed

Included in the volume statistics shown above are a number of major projects completed for client departments during the 2008/09 fiscal year, most notably:

- **Manitoba Conservation – Crown Lands:** Cleared a backlog of 155 outstanding opinions of values. These values are for prospective sales of leased Crown Land under The Crown Lands Act.
- **Manitoba Floodway Authority:** CLPA's ongoing process of acquiring the lands required for Phase 2 and 3 of the West Dyke improvement project.
- **Manitoba Infrastructure and Transportation:** Highway projects included PR 326 to PR 329, PTH 32 south of Winkler, PTH 2 in the vicinity of Elm Creek and PR 579.

Major accomplishments completed for the benefit of the client departments developed and/or implemented to the internal working of the Agency included:

- A comprehensive new flat fee rate structure was developed by the Finance section, with extensive input from staff in all sections of the agency. This new system fulfills one of the key directions given to the agency in the 2008/09 Estimates, and allows the client departments of Conservation and Agriculture, Food and Rural Initiatives the ability to identify the exact cost of each transactional service provided.
- The circulation process for proposed sales and leases under *The Crown Lands Act* has been modified, based on consultation with the Department of Conservation, to establish a clearly defined timeframe for responses from participating agencies, to allow government to make its decision in a more timely manner.
- Leases and Permits have implemented several new policies, e.g. First Nations circulation, FIPPA amendments, and an ATV Event policy.

## ***Consolidation and Integration Activities***

The 2008/09 fiscal year saw continued progress in the ongoing process of integrating the previously separate functions assumed by the Agency in April 2006. Notable highlights include:

**Office Consolidation:** All employees are located in Portage la Prairie in temporary locations until construction of the new office is finalized. Construction is currently underway with the relocation of employees moving to their planned permanent location in the early part of the first quarter of 2009/10 fiscal year.

**Staffing:** Over the course of the year the agency's vacancy rate was reduced from 23%, a cyclical high due to turnover resulting from the consolidation and reorganization process, to a more manageable level of 11% by year-end. This was an extended process, as senior positions were filled primarily through promotion, creating entry-level vacancies which were filled by new employees.

**Records Scanning:** The multi-year process of digitizing all paper records for improved security and increased efficiency continued in 2008/09, at a reduced rate caused by the limitations imposed by the restricted space until renovations are completed.

Building on CLPA's success in digitizing Parks' vacation home lot records, all hardcopy records in CLPA's custody will be transitioned to an electronic format, to facilitate easy access, sharing by multiple authorized record users and safeguarding of records. Scanning for CLPA's Agriculture business section is underway and scanning of the Land Acquisition files will then continue.

## Performance Measures

STRATEGIC AREA	LONG-TERM SIGNIFICANT RESULT	SHORT-TERM (YEAR 3) EXPECTED RESULT	RESULTS TO DATE
FINANCIAL	<ul style="list-style-type: none"> <li>▪ Full cost-recovery</li> <li>▪ Reduced costs</li> <li>▪ Risks in relation to loans, technology and operations appropriately managed</li> </ul>	<p><b>Dividend Payment:</b> CLPA's revenue sharing contribution of \$250.0 is made to the Province as directed.</p> <p><b>Short-term Cost Recovery Model:</b> CLPA fully recovers real estate related service costs and recovers costs relating to the administration of Crown land dispositions not exceeding client department appropriations (MAFRI and Conservation) and current fee schedule for real estate services.</p> <p><b>Future Cost Recovery Model:</b> A management information system is in place and restructured to support the development of a future comprehensive cost recovery pricing model, which is targeted for implementation in 2009/10. The model is to be output based related.</p>	<p>Deferred as approved by Treasury Board until the accumulated deficit has been retired.</p> <p>Cost recovery model in place. CLPA has adopted a chargeback system and bills on a monthly basis to provide cash flow.</p> <p>Treasury Board has approved the out-put based full cost recovery system. The new fee structure will be implemented over a four year phase-in period.</p>
CUSTOMER SERVICE	<ul style="list-style-type: none"> <li>▪ Timely, accurate, and friendly service</li> <li>▪ The "one stop shop" concept of service across all Agency outlets offered consistently; "one-face" seamless service delivery</li> </ul>	<p><b>Process Improvements</b> with a focus on improving openness, fairness, transparency and "one stop shop" and a seamless cost-effective customer service, are assessed and implemented. The feasibility of consolidating processes on circularizing proposed land use applications, if practicable, has been determined and action is taken accordingly.</p> <p><b>New Consolidated Web Information</b> The CLPA website will be enhanced to provide full information about all Crown land policies and application procedures and forms in both official languages.</p>	<p>A new organization chart has been developed to realign functions, duties and responsibilities.</p> <p>CLPA is working collaboratively with Conservation and MAFRI to realize efficiencies, productivity gains and synergies by streamlining procedures and applying information technology.</p> <p>The website features a current inventory of Crown lands that are available for use, including information about use of or land use policies related to lands, and relevant application procedures. The Agency established links to departmental websites for advertising Crown lands for rent or sale. Improvements are ongoing.</p>

STRATEGIC AREA	LONG-TERM SIGNIFICANT RESULT	SHORT-TERM (YEAR 3) EXPECTED RESULT	RESULTS TO DATE
CUSTOMER SERVICE (cont'd)	<ul style="list-style-type: none"> <li>▪ Standardized service delivery to all customers through multiple channels (in-person, on-line, telephone, fax)</li> </ul>	<p><b>Payment Methods:</b> Various methods of payment options, currently available for Lands Branch and Parks District Program customers, are expanded to include lease and permit invoices for agricultural Crown lands. Methods include cheque payments and payments through a bank teller or Automated Teller Machine (ATM) and payments via the Internet and telephone. The feasibility of implementing a time payment plan for higher cost leases is completed.</p>	Ownership of bank accounts was transferred, and implementation is complete. All CLPA clients have access to the listed payment methods. Credit card payments and time payments will not be implemented in the near future.
	<ul style="list-style-type: none"> <li>▪ A strong base of trust and credibility established with all customers</li> </ul>	<p><b>Customer Satisfaction Index:</b> A customer satisfaction measurement system is developed for the public and client departments.</p>	2009/10 action item.
		<p><b>Crown Land Registry System:</b> Front-line service delivery staff provides a more integrated service through the addition of linkages between lease billing systems and the Crown Lands Registry System (CLRS).</p>	Any CLPA staff or clients requiring access to the various registry and file systems are being provided web access.
INTERNAL OPERATIONS	<ul style="list-style-type: none"> <li>▪ Harmonized and standardized policies and procedures on land use circulation and advertising activities</li> </ul>	<p><b>CLPA Consolidated Location:</b> The CLPA offices in Neepawa, Minnedosa and Winnipeg are relocated to join the Portage la Prairie while minimizing impacts to staff and service delivery.</p>	Relocation completed September 4, 2007. Office renovation to be completed. All employees are located in Portage la Prairie in temporary locations until construction of the new office is finalized. Construction is currently underway with a projected completion date of mid-July 2009.
	<ul style="list-style-type: none"> <li>▪ Non-public facing operations focused on supporting and enabling the "one-stop shop" and seamless service delivery concepts</li> </ul>	<p><b>CLPA Records Scanning:</b> This new initiative has created an electronic version of Park District records for easy access and sharing by multiple users and safeguarding regardless of physical location; and the remainder of Land Acquisition Branch records are digitized.</p>	Scanning for the Parks section has successfully been completed. Scanning for the Agricultural Crown Land files is underway with the remainder of Land Acquisition Branch records to follow.
	<ul style="list-style-type: none"> <li>▪ Continuous improvement and alignment of operations and delivery channels</li> </ul>	<p><b>Sole Source Service Model</b> for land appraisals, acquisitions, and sale of surplus land and buildings is in effect with all government agencies, as approved by Treasury Board.</p>	Mandated by Treasury Board.
	<ul style="list-style-type: none"> <li>▪ Expanded service offerings to encompass the full scope of Crown lands activities within the Agency mandate area</li> </ul>	<p><b>Access to MAVAS,</b> Access to the Intergovernmental Affairs municipal land valuation database is authorized to expedite and improve effectiveness and efficiency of appraisal services for internal clients.</p>	Discussion with Intergovernmental Affairs still to be initiated. Preliminary guidelines for access are being reviewed.

STRATEGIC AREA	LONG-TERM SIGNIFICANT RESULT	SHORT-TERM (YEAR 3) EXPECTED RESULT	RESULTS TO DATE
AGENCY LEARNING AND GROWTH	<ul style="list-style-type: none"> <li>▪ Employee relations and supports leading to an "employer of choice" status for the Agency.</li> <li>▪ Technology-based opportunities identified and enabled to improve sales, lines and services, and strengthen customer service capabilities</li> </ul>	<p><b>Recruitment of Appraisers:</b> It is expected that the appraiser recruitment and retention strategy initiated in 2007/08 will be completed, approved, and in the process of implementation by the second quarter of 2008/09.</p> <p><b>Job Descriptions</b> are revised in alignment with new Agency framework</p>	<p>The Agency is to submit a formal appraiser retention strategy as part of the 2010/11 Portfolio Review document.</p> <p>Partially completed.</p>
	<ul style="list-style-type: none"> <li>▪ The most appropriately skilled individuals for the respective jobs are recruited and retained</li> <li>▪ Cross-business unit partnerships and collaboration actively promoted</li> </ul>	<p><b>Employee Needs Assessment</b> for managers will be completed and an action plan developed.</p>	<p>To addressed in Learning Plans to be prepared in 2009/10.</p> <p>Continuously reviewed and applied as the opportunities present themselves</p>

## **Responsibility for Financial Reporting**

### **Management's Responsibility for Financial Reporting**

Crown Lands and Property Agency (CLPA), management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of CLPA's financial position and the results of its operations and its cash flows in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available through June 18, 2009.

Management maintains internal controls to properly safeguard CLPA's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

CLPA's financial statements have been audited by The Exchange, Chartered Accountants, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of CLPA are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the Crown Lands and Property Agency management,

(Original signed by)

**Michal Kubasiewicz**  
Chief Operating Officer

June 18, 2009

(Original signed by)

**Normand Le Neal**  
Manager of Finance

## **Auditor's Report**

E X G

**THE EXCHANGE**

chartered accountants LLP

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**AUDITORS' REPORT**

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To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Crown Lands and Property Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, as at March 31, 2009 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*The Exchange*

chartered accountants LLP

Winnipeg, Manitoba  
May 27, 2009



## Financial Statements

### Balance Sheet

March 31, 2009

(In thousands)

		2009	2008
<b>ASSETS</b>	Current:		
Cash		\$ -	\$ 1,289
Accounts receivable (Note 5)		666	938
Work in progress (Note 3)		307	345
Prepaid expenses		58	61
		<b>1,029</b>	<b>2,633</b>
Capital assets (Notes 3, 6)		196	205
Due from Province of Manitoba (Note 9)		-	670
Long term investment – Province of MB (Note 9)		670	-
Assets held in trust		3	4
		<b>\$ 1,898</b>	<b>\$ 3,512</b>
<b>LIABILITIES</b>	Current:		
Working capital advance, net of cash (Note 7)		\$ 2,576	\$ -
Accounts payable & accrued Liabilities (Note 8)		467	300
Client held funds		511	4,089
		<b>3,554</b>	<b>4,389</b>
Severance pay liability (Note 9)		333	291
Trust fund liability		3	4
		<b>3,890</b>	<b>4,684</b>
Deficit		<b>(1,992)</b>	<b>(1,172)</b>
		<b>\$ 1,898</b>	<b>\$ 3,512</b>

Lease Commitments (Note 12)



## Financial Statements

### Statement of Earnings and Retained Earnings Year Ended March 31, 2009 (In thousands)

	<b>2009</b>	2008
<b>REVENUE</b>	<b>\$ 3,098</b>	\$ 3,014
EXPENSES		
Advertising	8	14
Amortization	67	57
Bad debts	2	56
Consulting fees	98	11
Desktop operating lease	131	133
Insurance	2	2
Interest on working capital advance	60	77
Meals and accommodations	4	11
Meetings and conventions	2	-
Office	174	165
Computer maintenance costs	128	148
Contributed services	20	262
Professional fees	126	139
Rental	247	231
Salaries and wages	2,763	2,354
Training	50	17
Travel	35	36
Relocation expense	1	75
	<b>3,918</b>	3,788
<b>NET LOSS</b>	<b>(820)</b>	(774)
Deficit – Beginning of Year (Note 10)	(1,172)	(398)
<b>DEFICIT – END OF YEAR</b>	<b>\$ (1,992)</b>	\$ (1,172)



## Financial Statements

### Statement of Cash Flows Year Ended March 31, 2009 (In thousands)

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 3,368	\$ 2,795
Cash paid to suppliers and employees	(3,580)	(3,655)
Interest paid	(61)	(77)
Increase (decrease) in client funds held	(3,578)	3,851
Increase (decrease) in severance pay liability	42	(66)
Cash flow from (used by) operating activities	<u>(3,809)</u>	<u>2,848</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(56)	(42)
Decrease in due from Province of Manitoba	670	-
Increase in long term investment	(670)	-
Cash flow used by investing activities	<u>(56)</u>	<u>(42)</u>
<b>INCREASE (DECREASE) IN CASH FLOWS</b>	<b>(3,865)</b>	<b>2,806</b>
CASH (WORKING CAPITAL ADVANCE, NET OF CASH) – BEGINNING OF YEAR	<u>1,289</u>	<u>(1,517)</u>
<b>CASH (WORKING CAPITAL ADVANCE, NET OF CASH) – END OF YEAR</b>	<b>\$ (2,576)</b>	<b>\$ 1,289</b>



## Financial Statements

### Notes to Financial Statements

Year Ended March 31, 2009

(In thousands)

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#### 1. NATURE OF ORGANIZATION

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Effective April 1, 2006, Crown Lands and Property Agency (the "Agency") was designated as a Special Operating Agency by regulation under The Special Operating Agencies Financing Authority Act made by the Lieutenant Governor in Council.

The Agency has full authority for all Crown land sales, leases and permits, as well as land appraisal, acquisition, expropriation and other services for the provincial government. The Agency's mission is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

The newly designated Agency consolidates the services previously provided by the Lands Acquisition Branch, Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Transportation and Government Services assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency forms part of the Supply and Services Division of Manitoba Infrastructure and Transportation under the general direction of the Chief Operating Officer and the Assistant Deputy Minister of the Supply and Services Division, and ultimately the policy direction of the Associate Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations.

The Agency is economically dependent upon the Province of Manitoba, as it derives a significant portion of its revenue from the Province. The transactions with the Province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.



Notes in thousands (\$'000)

## **2. CHANGE IN ACCOUNTING POLICY**

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Effective April 1, 2008, the Agency adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

### **Section 1535 Capital Disclosures**

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

### **Section 3862 Financial Instruments – Disclosures**

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments – Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

### **Section 3863 Financial Instruments – Presentation**

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments – Disclosure and Presentation, unchanged.

The above-noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Agency's year-end financial statements.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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### **Basis of Reporting**

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles.

### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.



Notes in thousands (\$'000)

### **Capital Disclosure**

The Agency's capital consists of working capital advances from the Province of Manitoba and deficit.

The Agency's capital management policy is to manage its capital to meet its objectives, to meet short-term capital needs with working capital advances from the Province of Manitoba; and meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

### **Work In Progress**

Land Acquisition Branch: all costs incurred for a project are initially charged to work in progress and matched to billings using the percentage of completion method.

### **Capital Assets**

Equipment transferred to the Agency on April 1, 2006 assumed a cost equal to its net book value at March 31, 2006.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	5 years	straight-line method
Computer software	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

### **Revenue Recognition**

Land Acquisition Branch: the percentage of completion method of accounting is used, whereby revenue is recognized proportionately with the degree of contracted work completed.

Other branch areas: appropriation funding in Manitoba Agriculture, Food and Rural Affairs (MAFRI) and Manitoba Conservation is continuing in order to pay the Agency the costs it incurs for providing services to the public (on behalf of MAFRI and Manitoba Conservation). The short-term chargeback model provides for the Agency to bill for its costs but not in excess of the approved budgets for MAFRI and Manitoba Conservation. As the Agency costs are expected to exceed MAFRI and Manitoba Conservation's appropriations for the Agency's services, the Agency may not fully recover its costs of delivering the services on behalf of MAFRI and Manitoba Conservation.

*Notes in thousands (\$000)*

#### 4. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Agency are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash, net of working capital advance	Held for Trading	Fair Value
Accounts Receivable	Loans and Receivables	Amortized Cost
Long-term investment – Province of MB	Loans and Receivables	Amortized Cost
Assets held in trust	Loans and Receivables	Amortized Cost
Accounts payable & accrued liabilities	Other Financial Liabilities	Amortized Cost
Client held funds	Other Financial Liabilities	Amortized Cost
Severance pay liability	Other Financial Liabilities	Amortized Cost
Trust fund liability	Other Financial Liabilities	Amortized Cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of earnings and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of earnings and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they recorded in the statement of earnings and retained earnings.

#### Fair Value of Financial Instruments

The fair values of accounts receivable, accounts payable and accrued liabilities, assets held in trust, client held funds and trust fund liability approximate their carrying values due to their short-term maturity.

The fair value of the long-term investment - Province of Manitoba and its related severance pay liability is determined using the effective interest rate method.



Notes in thousands (\$'000)

### **Financial Risk Management - Overview**

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and term deposits and accounts receivable.

The maximum exposure of the Agency to credit risk at March 31, 2009 is:

Accounts receivable	\$ 666
Long-term investment - Province of Manitoba	<u>670</u>
	<u>\$ 1,336</u>

**Cash and funds on deposits:** The Agency is not exposed to significant credit risk as the cash and term deposits are primarily held by the Minister of Finance.

**Accounts receivable:** The Agency is not exposed to significant credit risk as the customers are mostly government entities and payment in full is typically collected when it is due. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

**Long-term investment - Province of Manitoba:** The Agency is not exposed to significant credit risk as the trust account is being held on the Agency's behalf by the Province of Manitoba.

The change in the allowance for doubtful accounts during the year was as follows:

Balance, beginning of the year	\$ 56
Provision for receivable impairment	<u>2</u>
Balance, end of the year	<u>\$ 58</u>

#### **Liquidity Risk**

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.



Notes in thousands (\$000)

**Market Risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Agency's income or the fair values of its financial instruments. The significant market risks the Agency is exposed to are interest rate risk and foreign currency risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit and long-term debt.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature. The Agency has no long term debt.

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

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**5. ACCOUNTS RECEIVABLE**

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The balance is comprised of the following amounts:

	2009	2008
Trade Accounts Receivable	\$ 724	\$ 994
Allowance for Doubtful Accounts	<u>(58)</u>	<u>(56)</u>
	<u>\$ 666</u>	<u>\$ 938</u>

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**6. CAPITAL ASSETS**

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	2009			2008		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization		
Equipment	\$ 52	\$ 25	\$ 52	\$ 14		
Computer Equipment	192	88	148	54		
Computer Software	107	47	93	27		
Furniture and Fixtures	12	7	12	5		
	<b>\$ 363</b>	<b>\$ 167</b>	<b>\$ 305</b>	<b>\$ 100</b>		
Net Book Value		<b>\$ 196</b>		<b>\$ 205</b>		



Notes in thousands (\$'000)

#### 7. WORKING CAPITAL ADVANCE

The Agency has an authorized line of working capital from the Province of Manitoba of \$4,000 of which \$2,600 was used as at March 31, 2009 (2008 - \$nil was used).

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
The balance is composed of the following amounts:		
Trade Accounts Payable	\$ 147	\$ 39
Accrued wages, vacation pay and banked time	317	256
Goods and services tax	3	5
	<b>\$ 467</b>	<b>\$ 300</b>

#### 9. SEVERANCE PAY LIABILITY

The Agency records accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service by the weekly salary, at date of retirement provided that the employee reaches nine years of service and retires from the Agency. Severance pay for service greater than 15 years to a maximum of 35 years is increased by two weeks for every five years of service. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the employees of Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments, transferred to the Agency March 31, 2006, to March 31, 2006. Additionally, the Province has accepted responsibility for the severance benefits accumulated by the employees of Lands Acquisition Branch to March 31, 1998. That responsibility is now reflected by the payment to the Agency by the Province of \$670 on March 31, 2009, with the funds held on the Agency's behalf in an interest bearing trust account until it is required to discharge the related liability.

#### 10. DEFICIT

The Special Operating Agencies Financing Authority and the Manitoba Provincial Government entered into a Transfer Agreement respecting the transfer, from the Provincial Government to the Financing Authority, of the net assets required for the continuing operations of the Agency. As at April 1, 2006, the date of transfer, the liabilities assumed exceeded the value of the assets in the amount of \$10. This amount was recorded as the deficit at April 1, 2006.

*Notes in thousands (\$000)*

### 11. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding \$50 annually to any officer or employee of the Province of Manitoba. The following employees received compensation in excess of \$50:

		2009	2008
Bernal, Leonard	Appraisal and Acquisition Officer	\$ 57	\$ 56
Charles, Jack	Administration Officer	59	-
Calder, Dean	Property Appraiser	55	-
Dzogan, Ken	Manager, Land Acquisition Services	60	-
Kent, Rodney	Manager, Property Services	58	54
Krakowka, Larry	Land Administrator	59	60
Kubasiewicz, Michal	Senior Manager	97	93
Le Neal, Normand	Financial Officer	63	62
Lucky, Rob	Property Appraiser	57	59
McLeod, Jerry	Property Appraiser	-	65
Millar, Scott	Property Appraiser	76	74
Wallcraft, Brian	Information Technologist	53	-
Penner, Mary Ann	Appraisal and Acquisition Officer	57	56
Pishak, Calvin	Information Technologist	67	64
Sheridan, Bryan	Administration Officer	61	59
Sonley, Judy	Appraisal and Acquisition Officer	57	56
Turner, Cynthia	Accounting Clerk	-	57
Dyck, Garry	Acquisition Officer	53	-
Kopytko, Wanda	Administration Officer	50	-

### 12. LEASE COMMITMENTS

The Agency's approved 2009/10 Business Plan calls for \$282, to be paid in quarterly installments during 2009/10, for the rental of the facilities located at 25 Tupper Street North, Portage La Prairie, Manitoba. There is no premise lease agreement in place. Occupancy charges for each fiscal year are established annually by the Province of Manitoba.

The Agency has entered into various leases for vehicles and office equipment. The expected payments are as follows:

2010	\$ 13
2011	3
2012	4



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